DOCUMENT RESUME

ED 425 498 EA 029 281

AUTHOR	Howell, Penny
TITLE	Understanding School Budgets: As Simple as 1,2,3.
INSTITUTION	EdSource, Inc., Palo Alto, CA.
SPONS AGENCY	William and Flora Hewlett Foundation, Palo Alto, CA.
PUB DATE	1996-00-00
NOTE	24p.
AVAILABLE FROM	EdSource, Inc., 4151 Middlefield Road, Suite 100, Palo Alto, CA 94303-4743 ($8 plus $1 shipping).
PUB TYPE	Guides - Non-Classroom (055)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Budgets; Elementary Secondary Education; Expenditures; Program Budgeting; *School District Spending
IDENTIFIERS	California

ABSTRACT

A school budget is a planning document that links financial decisions to educational policy. This booklet is a brief overview of how such budgets are derived in California. It is intended for new administrators, school board members, and interested teachers, parents, and community members who wish to learn about school budgeting and become more effective participants in finance-related decisions. It is a guide for understanding the content of budgets, the flow of the budget process, and the management of budgets. It describes what a budget looks like, detailing how fund accounting is the foundation for school budgeting. The topics covered are: the line-item budget; program budgets, with a look at budget priorities; state-reporting forms, which can provide a basis for comparison; components of the new standardized account code structure; the criteria and standards for reviewing school district budgets, which include a sample midyear budget report and a budget calendar; building the budget; projecting revenues; estimating expenditures; understanding how budgets are linked to educational decisions; school-site budgeting; monitoring the budget; how an average district devises its budget; how to analyze a budget; the impact of regional relationships on finances; long-range planning; and a sample of a financial projection. (Contains 10 figures.) (RJM)

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UNDERSTANDING SCHOOL BUDGETS

AS SIMPLE AS 1 2 3

Clarifying Complex Education Issues

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*two-sided snapsheet

ABOUT THIS PUBLICATION

Since it was first printed in 1988, *Understanding School Budgets As Simple As 1,2,3* has become a must-have reference in school districts throughout California. New administrators, school board members, and interested teachers, parents, and community members depend on it to learn about school budgeting and become more effective participants in finance-related decisions.

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Production of this publication was made possible by a grant from the William and Flora Hewlett Foundation.

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Clarifying Complex Education Issues

INTRODUCTION

A school budget is a planning document that links financial decisions to educational policy. It contains the district's priorities and its strategies for achieving those priorities. Examples are the number of academic and co-curricular courses to offer; different kinds of support services; the ratio of students to adults; and whether the district will have accelerated learning programs, a cafeteria, or after-school sports.

A district's budget describes the expected revenues and the plans for using them during a fiscal year that begins July 1 and ends June 30. The document also defines accountability of the governing board to the public, the superintendent to the board, the program manager to the superintendent, and the staff to the managers.

A school district's budget can be multi-volume or only the state-required forms, confined to numbers or expanded to a comprehensive narrative. The ideal budget document is a combination of numbers and text that conveys policies related to finances, goals for programs, assumptions used to develop the budget, comparisons to the previous year, projections for the future, and a calendar — all clearly presented and easily accessible for the school community.

A considerable portion of a school district's budget is regulated by an extensive body of laws, court orders, and government regulations. A smaller portion is discretionary, and some of it is set by past practice and precedent. In most districts at least 85% of the budget is for personnel — the salaries and benefits for teachers, administrators, and support staff.

Because of the great variation in their size and location and the diversity of their student population, California's 989 districts and 58 county offices of education differ in complexity, local costs, and access to resources. But all of them share common state requirements to:

- meet budget deadlines
- estimate their income and expenditures before the state's budget is passed
- make sure their budgets are in balance
- certify (twice a year) their financial status and ability to meet future obligations
- report their enrollment (average daily attendance, or ADA) in the fall and winter
- use state-mandated accounting classifications and reporting forms
- arrange for an independent annual audit
- invite public comment before approving the budget for the year and before beginning negotiations with employees' unions or approving contracts.

The County Superintendent must approve a district's budget and monitor its financial status. If a district is in financial difficulty, the County Superintendent or Superintendent of Public Instruction may take control of it.

This booklet is a guide for understanding the content of budgets, the flow of the budget process, and the management of budgets. It describes some of the links between financial decisions and the delivery of education, and it suggests questions to ask about local district budgets.

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1

FUND ACCOUNTING
IS THE FOUNDATION FOR SCHOOL BUDGETING

California school districts use a system called "fund accounting." All revenues are placed in the General Fund or in one of the separate funds which are either required or permitted by law.

The major required and permitted funds are listed in Figure 1. A district may have a few of these funds, or it may have many, depending on the services or programs it offers and the source and purpose of its revenues. Expenditures from the various funds must be made according to the fund's designated functions.

All funds are self-balancing. They contain:

- a beginning balance (last year's ending balance)
- revenues
- expenditures
- an ending balance

Most of the district's financial transactions flow through the General Fund. The largest part is spent for general purposes, although some of the money is restricted to a specific use, such as particular education programs.

The ending balance in the General Fund is usually divided between money which is available for expenditure by majority board vote and money which is intended for a specific purpose.

The school board may establish a Special Reserve Fund. Unlike other funds, the assets can be transferred at any time to the General Fund, and they may be spent as the board decides. Different sources of revenue may also be co-mingled in the Special Reserve.

In contrast, uses are restricted for the Capital Facilities Fund, which contains the developer fees collected by the district. Major capital expenditures — for example, for classrooms or school buildings — are handled separately from the General Fund.

If any money has been borrowed from one fund for use in another, it normally must be repaid by the end of the fiscal year.

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Figure 1 Required and Permitted Funds

All district revenues must be placed in a fund to assure that money is spent and accounted for in conformance with the law.

Required for all revenues (including lottery) except those which must, by law, be in a separate fund:

- General Fund (or County School Service Fund for County Offices of Education)

Required if a district receives these revenues from local, state, or federal sources (expenditures are restricted to designated activities):

- Adult Education
- Bond Interest and Redemption
- Building Fund
- Capital Facilities (developer fees)
- Child Development
- Deferred Maintenance
- State School Building Lease-Purchase
- Tax Override
- Debt Service
- Forest Reserve (County Offices of Education only)
- Foundation Trust Fund

Permitted at the option of a school district (plus others which are authorized by law):

- Cafeteria Fund or Account
- Pupil Transportation Equipment
- Self-Insurance
- Special Reserve for Capital Outlay Projects
- Special Reserve (other than capital projects)
- Student Body
- Warehouse Revolving Fund
- Article XIII B Fund
- Retiree Benefit Fund

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THE LINE ITEM BUDGET

In all funds, revenues and expenditures are recorded line by line according to the object, or use. These line items describe the specific sources of revenue, from general state aid to local miscellaneous income to special (categorical) state and federal aid; and they show how the district's income is spent.

The line item format for the General Fund is the familiar one which is commonly thought of as "the budget." Figure 2 gives

Figure 2 A Sample Line Item Budget

General Fund	1995-96 Estimated Actual			1996-97 Budget			
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Percent change
Revenues							
Revenue Limit Sources (**8010-8099**) (state funds & local property taxes)	$ 22,984,711	$ 721,389	$ 23,706,100	$ 24,232,350	$ 739,969	$ 24,972,319	5.3
Federal Revenue (**8100-8299**) (categorical or special purpose grants)	0	1,957,445	1,957,445	0	1,430,852	1,430,852	(26.9)
Other State Revenues (**8300-8599**) (categorical aid, mandated costs, lottery)	1,528,320	3,953,947	5,482,267	978,300	3,323,277	4,301,577	(21.5)
Other Local Revenues (**8600-8799**) (lease of property, interest, donations, parcel taxes, misc.)	999,650	277,528	1,277,178	1,044,300	64,000	1,108,300	(13.2)
TOTAL REVENUES	**$ 25,512,681**	**$ 6,910,309**	**$ 32,422,990**	**$ 26,254,950**	**$ 5,558,098**	**$ 31,813,048**	**(1.9)**
Expenditures							
Certificated Salaries (**1000-1999**) (teachers, others required to have a valid certificate such as administrators, counselors, librarians)	$ 14,851,912	$ 3,040,862	$ 17,892,774	$ 15,701,871	$ 2,677,052	$ 18,378,923	2.7
Classified Salaries (**2000-2999**) (non-certificated, such as aides, secretaries, bus drivers, custodians)	3,006,384	1,549,233	4,555,617	3,093,440	1,434,544	4,527,984	(0.6)
Employee Benefits (**3000-3999**)	4,474,207	1,021,939	5,496,046	4,560,321	931,752	5,492,073	(0.1)
Books and Supplies (**4000-4999**)	884,421	867,877	1,752,298	694,583	491,555	1,186,138	(32.3)
Services, Other Operating Expense (**5000-5999**) (insurance, utilities)	1,996,509	706,007	2,702,516	1,991,462	428,573	2,420,035	(10.5)
Capital Outlay (**6000-6599**) (site improvements, equipment, new libraries)	123,348	160,480	283,828	51,185	33,668	84,853	(70.1)
Other Outgo (**7100-7299**) (tuition to schools, districts)	217,657	5,000	222,657	227,657	58,000	285,657	(28.3)
Direct Support/Indirect Costs (**7300-7399**)	(93,371)	93,371	0	(57,409)	57,409	0	
TOTAL EXPENDITURES	**$ 25,461,067**	**$ 7,444,669**	**$ 32,905,736**	**$ 26,263,110**	**$ 6,112,553**	**$ 32,375,663**	**(1.6)**
Excess (Deficiency) of Revenues Over Expenditures	$ 51,614	$ (534,360)	$ (482,746)	$ (8,160)	$ (554,455)	$ (562,615)	16.5
Other Financing Sources/Uses							
Interfund Transfers, Other Uses (**net, 8900 minus 7600**)	$ 98,000	$ 0	$ 98,000	$ 223,000	$ 0	$ 223,000	
Contributions to Restricted Programs (**8980-8999**)	(477,807)	477,807	0	(554,455)	554,455	0	
TOTAL, OTHER FINANCING SOURCES/USES	**$ (379,807)**	**$ 477,807**	**$ 98,000**	**$ (331,455)**	**$ (554,455)**	**$ 223,000**	**127.5**
Net Increase (Decrease) in Fund Balance	$ (328,193)	$ (56,553)	$ (384,746)	$ (339,615)	0	$ (339,615)	(11.7)
General Fund Balance, Reserves							
Beginning Balance as of July 1	$ 1,741,231	$ 56,553	$ 1,797,784	$ 1,413,038	0	$ 1,413,038	(21.4)
Ending Balance, June 30 (beginning balance in budget year)	1,413,038	0	1,413,038	1,073,423	0	1,073,423	(24.0)
Components of Ending Balance							
Reserved Amounts (**9600**) (stores, cash)	422,000	0	422,000	422,000	0	422,000	0.0
Designated for Economic Uncertainties (**9710**)	987,000	0	987,000	970,000	0	970,000	(1.7)
Designated for Other Purposes (**9720-9789**)	0	0	0	0	0	0	0.0
Undesignated/Unappropriated Amount (**9790**)	4,038	0	4,038	(318,577)	0	(318,577)	xxx

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an example. It includes the major categories of revenues and expenditures and the account numbers that are used by all districts in the state.

This general fund budget does not reveal which revenues are earmarked for specific expenditures (certain categorical programs, for example) or which expenditures are offset by earmarked revenue, and it does not indicate anything about money in other funds. It does show the difference between revenues and expenditures, i.e., whether or not the district is operating at a deficit. It also shows when money has been transferred to other funds — or vice versa, in which case the district may be dipping into reserves to balance the budget.

Each line item in the General Fund must be listed in columns marked "restricted" or "unrestricted." Restricted means that some or all of the dollars are earmarked by state or federal law for specific objectives. The California School Accounting Manual gives guidelines for segregating these items.

In the General Fund, the classification "Designated for Economic Uncertainties" is sometimes referred to as "the reserve." This is money set aside for major unforeseen expenses. Money may also be held in a Special Reserve Fund. The criteria adopted by the State Board of Education requires minimum available reserves of 2-5% of General Fund expenditures, according to the size of the district:

Recommended Minimum Reserves

ADA	Total Expenditures (including Transfers & Uses)
0-300	5% or $50,000
301-1,000	4% or $50,000
1,001-30,000	3%
30,001-400,000	2%
over 400,000	1%

The board may set aside additional amounts for other purposes; these are also called "reserves."

Although the General Fund contains the great majority of the revenues and expenditures, the district's whole financial picture includes all of its other funds. Districts must state the balance in any Special Reserve Funds on their financial report.

PROGRAM BUDGETS

A MORE DESCRIPTIVE LOOK AT BUDGET PRIORITIES

The financial information in the General Fund can be displayed according to building sites, divisions, or departments. The numbers can also be broken down in a way which ties them more directly to the educational program of the district. Then the expenditures are listed by particular educational purposes, by separate cost centers, or by the activities they support. These are called "program budgets."

Program budgets provide a great deal of information about a district. Examples of programs are:

Classroom instruction

- general education, grades K-5
- elementary music
- high school Spanish

Instructional support services

- staff development
- library, grades 9-12
- computer labs

Figure 3 A Sample Program Budget

Technology Education

Goal: To support the educational computer program by providing continuing support and technical services to most effectively utilize computer hardware and software in the district.

Program Description: The department provides computer inservice classes, a telephone hotline, assistance in writing and monitoring grant proposals, hardware and software consultation, immediate replacement of malfunctioning equipment, and repair of equipment.

		1993-94 Actual Expenditures		1994-95 Actual Expenditures		1995-96 Adopted Budget	
			FTE		FTE		FTE
1000	CERTIFICATED SALARIES						
	Teachers	$ 47,834	0.70	$ 50,358	0.70	$ 48,459	0.70
2000	CLASSIFIED SALARIES						
	Staff	52,788	1.50	59,354	1.13	56,085	1.50
3000	EMPLOYEE BENEFITS						
	Employees	19,489		22,910		24,250	
4000	SUPPLIES, BOOKS & EQUIPMENT						
	Books and Supplies	74,416		71,471		70,000	
5000	CONTRACTED SERVICES						
	Maintenance	60,048		88,146		37,688	
	Utilities & Housekeeping	494		491		0	
	Technology Education	3,926		3,225		10,800	
6000	CAPITAL OUTLAY						
	Equipment	83,886		91,898		0	
TOTAL TECHNOLOGY EDUCATION		**$ 342,881**	**2.20**	**$ 387,853**	**1.83**	**$ 247,282**	**2.20**
	FUNDING SOURCES						
	General Fund	$ 317,881		$ 362,853		$ 209,082	
	Grants	0		0		3,200	
	State Sources	25,000		25,000		35,000	
	TOTAL FUNDING	$ 342,881		$ 387,853		$ 247,282	

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School administration

- principals and secretaries

Pupil services

- counseling

Administrative and support services (general)

- business services
- general maintenance
- transportation

A complete program budget states the goal of the program, its objectives for the year, and how the district plans to meet them. It can show the numbers of pupils served and staff, as well as the direct and support costs of the program. It can include indirect costs, such as administrative or overhead expenditures allocated to the program. Last, and very important, the program budget lists the sources of funding for the program, usually the district's general income or federal and/or state categorical funds.

Figure 3 gives an example of a program budget which is part of General Fund expenditures. The program budgets for other funds, such as for Adult Education, cover the activities in that fund only.

Program budgets help the board and superintendent to know how much can be saved by eliminating a program or what a new one costs. These budgets also indicate if the district's expenditures on a categorical program, such as Special Education, exceed federal and/or state revenue. When supplemental money is spent from the General Fund to support mandated programs, the amount is called "encroachment."

STATE REPORTING FORMS PROVIDE BASIS FOR COMPARISON

The information in school budgets is presented on forms provided by the California Department of Education (CDE). Each income and expense item is listed according to accounting guidelines that all districts must use.

The California School Accounting Manual consolidates the laws and administrative requirements for the management of money in school districts. It specifies, for example, which money must go into which funds, what rules govern the transfer of money among funds, and which sources are restricted or unrestricted.

A new standardized account code structure, outlined in Figure 4, is being phased in by California school districts. Its purpose is "to create a logical framework which can be used to determine where education funds come from and how they are used." The goal is to improve both reporting and decision making based on a uniform and comprehen-

Figure 4
Components of the New Standardized Account Code Structure

Fund/Group	Which account is used to administer education expenditures?
Resource (Project Reporting)	Where have the funds come from? What is the categorical project or revenue source?
Program Goal	Why was the expenditure made? What broad purpose does it serve?
Function (Activity)	How will the expenditures be used? On what activities or services will funds be spent?
Object	What specifically is being purchased? On what particular items will the funds be spent?
School (Optional)	Where will the funds be spent? What location benefits from the funds?

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sive but minimal chart of accounts that will ensure compliance with federal regulations and good accounting practices.

Once the system is in place, districts and counties will send information electronically to the CDE. Not only will the data be more accurate, but also the time to fill out paperwork will be reduced. In addition, the Department will be able to file required federal reports more easily and, especially, to extract useful information for legislators, school board members, administrators, teachers, and members of the school community.

Compliance with the many reports and regulations that originate in Sacramento is part of an effort to increase accountability for the use of public funds. The system specifies how districts must track and report their revenues and expenditures and project fiscal solvency. A strong impetus for the requirements is to create an early warning system for districts to avert a financial crisis which could lead to bankruptcy and/or the need for state bailout funds.

Districts must certify their financial condition for the periods ending October 31 and January 31, filing what are called Interim Reports. The district must not only look at their finances for the current year, but also project ahead for another two years.

A district with a qualified or negative report comes under the watchful eye of its County Superintendent or, if a loan is required, the Superintendent of Public Instruction. As Figure 5 shows, the Criteria and Standards for reviewing budgets cover

Figure 5 Criteria and Standards for Reviewing School District Budgets

	Number of Students (ADA) in the District				
	Up to 300	**301 to 1,000**	**1,001 to 30,000**	**30,001 to 400,000**	**Over 400,000**
ADA was not overestimated the previous year or two of the three prior years by more than	3%	2.5%	2%	1.5%	1%
Operating Deficits (expenditures exceeding revenues) in previous two years or in the first and third prior years did not exceed	1.65%	1.32%	0.99%	0.66%	0.33%
Available Reserves compared to total expenditures, transfers, and uses are more than	greater of 5% or $50,000	greater of 4% or $30,000	3%	2%	1%

Supplemental Information

- Ending balance compared to three previous years and explanation of any continuing decline
- One-time resources used for ongoing expenditures and how they will be replaced in following years
- Multiyear commitments such as loans, leases, retirement benefits, and their funding source
- Analysis of the status and costs of employee negotiations for certificated and classified employees, including salary increases, step and column costs, health benefits, and contract changes with costs, such as class size reductions

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estimates of Average Daily Attendance (ADA), operating deficits and size of reserves, trends in the change of fund balance, use of one-time revenues, multi-year financial commitments, and the status of employee negotiations.

Districts have various ways of preparing their own internal reports to the board and summaries for the public. These are tailored according to local custom or need for timely and accurate reporting, budget management, and planning. A midyear report on the form shown in Figure 6 is required of all districts.

Helpful supplementary information can include budgeted and actual amounts from the previous year, the amounts which are encumbered (obligated in contracts), and amounts which the district expects to spend by the end of the year.

All budget documents and reporting forms are public information. Since they are uniformly required, they are the most reliable source for comparing financial patterns and conditions among districts.

Figure 6 **A Sample Interim or Midyear Budget Report**

	Original Budget (A)	Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (B)&(D)	Percent Difference
Revenues						
Revenue Limit Sources	$ 6,916,687	$ 6,769,119	$ 4,003,905	$ 6,774,806	$ 5,687	0.08%
Federal Revenues	112,664	128,253	35,845	128,456	203	0.16%
Other State Revenues	855,407	1,001,900	660,795	1,122,096	120,196	12.00%
Other Local Revenues	1,231,376	1,259,779	745,398	1,263,586	3,807	0.30%
TOTAL REVENUES	**$ 9,116,134**	**$ 9,159,051**	**$ 5,445,943**	**$ 9,288,944**		
Expenditures						
Certificated Salaries	$ 5,186,412	$ 5,092,204	$ 2,582,790	$ 5,239,852	$ 147,648	2.90%
Classified Salaries	958,870	975,049	532,972	1,009,422	34,373	3.53%
Employee Benefits	1,328,136	1,297,465	635,629	1,315,415	17,950	1.38%
Books and Supplies	344,429	529,110	226,216	537,731	8,621	1.63%
Services, Other Operating Exp	951,216	963,295	507,218	1,014,801	51,506	5.35%
Capital Outlay	58,553	91,301	58,584	101,392	10,091	11.05%
Other Outgo	89,105	92,539	0	93,868	1,329	1.44%
Direct Support/Indirect Costs	0	0	0	0	0	
TOTAL EXPENDITURES	**$ 8,916,721**	**$ 9,040,963**	**$ 4,543,409**	**$ 9,312,481**		
Excess (Deficiency) of Revenues over Expenditures	$ 199,413	$ 118,088	$ 902,534	$ -23,537		
Other Financing Sources/Uses						
Interfund Transfers						
Transfers In	$ 32,000	$ 32,000	$ 0	$ 32,000	$ 0	0%
Transfers Out	282,000	282,000	0	200,000	82,000	29.08%
Other Sources/Uses	0	0	0	0	0	0%
Contributions to Restricted Programs	0	0	0	0	0	0%
TOTAL OTHER SOURCES/USES	**$ -250,000**	**$ -250,000**	**$ 0**	**$ -168,000**		
Net Increase (Decrease) in Fund Balance	$ -50,587	$ -131,912	$ 902,534	$ -191,537		
General Fund Balance, Reserves						
Beginning Balance, July 1	$ 219,362	$ 219,362	********	$ 219,362		
Reserved Amounts	2,000	2,254	********	2,254		
Designated for Economic Uncertainties	0	0	********	0		
Designated for Other Purposes	0	0	********	0		
Undesignated/Unappropriated Amount	166,775	85,196	********	25,571		
Ending Balance, June 30	$ 168,775	$ 87,450	********	$ 27,825		

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Figure 7 Budget Calendar

Month	District Planning & Personnel	Budget Dates	Required Reports
September	Board receives results of achievement and proficiency tests for previous school year	(See below for Dual or Single Adoption schedule.) By 9/30 Board adopts Gann Limit	By 9/15 District files prior year financial reports with county
October		By 10/31 District may select Single Adoption Calendar for following fiscal year By 10/31 Budget Review Committee (if any) reports recommendations	By 10/15 County reviews, certifies district's prior year financial reports, files with Superintendent of Public Instruction 10/31 End of first interim period for certification of district's financial condition
November	Develop budget planning timeline	By 11/31 County Superintendent develops and adopts fiscal plan and budget for districts with disapproved budget, using Budget Review Committee input	
December	Update and review preliminary projections, especially enrollment and staffing	By 12/15 District files audit of previous year	By 12/15 Board approves first interim certification report on district's financial condition
January	Review program, plan curriculum changes	By 1/31 Board holds public hearing, reviews audit	1/31 End of second interim period for certification of of district's financial condition
February	Review potential expansions or reductions, including personnel changes such as reassignment of principals or staff layoffs		
March	By 3/1 Notices to principals of reassignment to classroom By 3/15 Preliminary layoff notice to teachers Teachers may request a layoff hearing		By 3/17 Board approves second interim certification report on district's financial condition
April	Students take achievement and proficiency tests	By 4/1 District hires auditor	
May	45 day notice of non-reemployment sent to superintendent and senior management By 5/7 Administrative Law Judge holds teacher layoff hearings if requested By 5/15 Final teacher layoff notices sent Notice to classified staff, if necessary	Budget draft prepared for Board and public Effects of State Budget Act on school funding estimated	
June	By 6/30 Final administrator layoff notices sent	By 6/1 District projects fund and cash balances	
		Dual Adoption Calendar*	**Single Adoption Calendar***
			County Superintendent publishes notice of public hearing on district's budget at least 10 days beforehand
July		By 7/1 Board holds public hearing, adopts budget, files with County Superintendent	By 7/1 Board holds public hearing, adopts budget, files with County Superintendent
August		By 8/15 County Superintendent approves or disapproves district budget, reports disapproval to Superintendent of Public Instruction by 8/20 County Superintendent publishes notice of public hearing on district's budget at least 10 days beforehand	By 8/15 County Superintendent approves or disapproves district budget, reports disapproval to Superintendent of Public Instruction by 8/20 Within 45 days after Governor signs Budget Act, district makes public any revisions to budget revenues and expenditures
September/ October		By 9/8 District holds public hearing, adopts revised budget, files with County Superintendent By 10/8 County Superintendent approves or disapproves revised budget If budget disapproved, Budget or Regional Review Committee formed	By 9/8 District files revised budget with county if earlier budget disapproved

* Districts may choose a budget calendar with one public hearing and budget adoption plus later revision (Single Adoption Calendar) or two sets of public hearings and budget adoptions (Dual Adoption Calendar).

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FROM PLANNING TO THE AUDIT

BUILDING THE BUDGET
AN ONGOING PROCESS

The fiscal year for school districts as well as the state starts on July 1, but the budgeting process is virtually continuous.

Figure 7 outlines a typical budget cycle for school districts. The full calendar is usually much more detailed. It may include dates for policy decisions, a listing of who has what responsibility, how and when the current budget will be monitored and updated during the year, and how the information and input for the next year's budget will be gathered. Districts can decide whether to go on a "dual" or "single" adoption calendar. In the latter the budget is finalized within 45 days of when the governor signs the State Budget Act; in a dual adoption, the final decisions are made by September 8.

The process is punctuated by legal deadlines and reporting dates. The decisions made during the year by school site councils, administrative councils, budget committees, and other district groups such as PTAs or school foundations can affect the budgeting process. Agreements on contracts with employees will have effects on current and future budgets. Projections and requests from departments or school managers are needed, as are enrollment estimates.

School board discussions about the budget must occur in public, and a hearing on the proposed budget must be publicized and held as a part of the budget adoption process. The opportunity for public input is required by law.

PROJECTING REVENUES
IS THE FIRST STEP

The budget process begins with a careful projection of revenues because income, not need, determines expenditures for schools. That income is affected by legislated formulas and by the district's enrollment, technically average daily attendance (ADA).

Each district has a "revenue limit," an amount of money it may receive for general purposes. The revenue limit was originally set at the amount each district was spending in 1972.

A district's revenue limit is usually increased each year by a cost-of-living adjustment (COLA). The COLA is a dollar amount per ADA. The base revenue limit is multiplied by the district's ADA to arrive at the general purpose apportionment it will receive.

Regulations control the definition of ADA and the complex computation of the district's total revenue limit income. That income is composed of whatever local property taxes a district receives, plus additional state funds to fill up its revenue limit allowance. When a district's property tax income increases, the state's payment is reduced.*

* About 30 of the 980 school districts are so-called "basic aid" districts. Their property tax income exceeds their revenue limit per student. They may keep all of the property tax funds and in addition receive $120 from the state. However, they often discourage interdistrict transfer of students into the district because it means the property tax income must be spread among more students.

The statewide apportionment for revenue limits can be increased or adjusted only by the Legislature, with the agreement of the Governor.

Revenue limit income makes up most of each district's General Fund, and most of its use is unrestricted. The rest of the General Fund income comes primarily from restricted categorical (special purpose) support. Examples are Special Education, Economic Impact Aid, and GATE (Gifted and Talented Education). The amount of categorical aid usually depends on the characteristics of the children and families who live within the district. It almost always must be spent for specific purposes, although some funding does come in the form of a block grant in which the district can decide how to spend the money.

Changes in enrollment have an impact both on total revenues and on the expenditure decisions driven by enrollment, such as the number of classes and total staff. Under current law, growing districts with comparatively high spending levels do not receive their full revenue limit allocation for each one of the added pupils. Instead, each additional student generates no more than 105% of the statewide average revenue limit income for the type of district. This may be much less than the district's regular revenue limit per student.

Interdistrict transfers affect enrollment. Students can transfer from one district to another, sometimes only with the agreement of both districts. The reasons may be for "hardship," child care, or to attend school in the district of their parent's employment. Two 1993 laws encourage choice among schools or between school districts if the school or district has space. Interdistrict transfers mean a loss of income for the home district and an increase for the receiving one. Funds are provided to the district the student attends.

Districts have no control over their revenue limit and limited control of their categorical income. They may decide whether or not to apply for such optional programs as GATE, but the dollar amounts are set by the state. Further, lottery payments, which depend on sales of lottery tickets, are an unpredictable source of revenue.

The one area of revenue flexibility is in local miscellaneous income, through the rental or lease of excess property, interest, contributions, or parcel taxes (not property taxes). The latter require approval by two-thirds of the votes cast, which is hard to achieve. The legislature periodically considers changing the requirements to a majority vote.

Because of the limitations on miscellaneous income, most districts must budget to work within their anticipated revenue limit and categorical income.

ESTIMATING EXPENDITURES
BEGINS WITH PERSONNEL

Typically, about 85% of a district's General Fund is spent for staff salaries and benefits. Therefore, accurate projections of staffing needs and probable turnover are crucial.

The district must decide by March 15 how many teachers and other certificated personnel it will need for the next school year. Notice of intent not to rehire must be posted by that date. Teachers may be laid off only because of reduction of service or program, not because of fewer students or budget shortfalls. The only exception is a short window of time after enactment of the state Budget Act when a district may terminate teachers if its revenue limit per student has not increased by 2%.

The salary portion of the budget can be controlled somewhat by not replacing employees who retire or resign or by not rehiring temporary employees.

Collective bargaining between the district and its employee organizations has a critical impact on the budget. Negotiations on salaries, benefits, and specified working conditions are mandated if employees form a bargaining unit — as has happened in almost all districts.

Contract agreements for salaries and benefits directly affect the budget. Other aspects of the contract — for example, maximum class size, preparation periods, and days off — are also important to the budget.

Negotiations with employee organizations often overlap with the budget process. Projections of expenditures and ending balance are tentative until all issues are resolved and the contracts signed. Current law calls for public input before the negotiations begin and public disclosure of the financial implications of a settlement before approval by the board.

In addition to the costs of personnel, other major constraints in a school district's budget (requirements from the Education Code, for example) are listed in Figure 8. Much of the line item General Fund expenditure budget is easily predictable because of contractual obligations, state regulations, and inflationary increases to fixed costs (especially benefits).

How the resources — particularly personnel — are deployed is the budget link to the educational program.

Figure 8 Examples of Budget Constraints

Personnel

- Placement of current staff on salary schedules
- Benefits mandated by law (such as retirement, disability and unemployment insurance, workers compensation, Social Security)
- Rules about seniority and job security (March 15 layoff deadline)
- Regulations about class size or administrative ratios
- Contracted services

Programs

- Costs of special programs
- Restrictions on how categorical funds may be spent (such as the requirement in some categoricals that 85% of the funds be spent on direct services for pupils)
- Mandatory contributions to categorical programs (especially Special Education)
- Other federal or state regulations (such as providing meals to needy children)

Fixed Costs

- Utilities, insurance

LINKS TO EDUCATIONAL DECISIONS

All of the information about probable revenues and planned expenditures must be gathered before the first draft of the budget can be prepared. These tentative numbers should reflect the district's policies or statements of educational philosophy.

Some examples are:

- setting staffing ratios (class size, number of secretaries or custodians per school, etc.)
- allocating supplies or operating expenses according to enrollment or program or site
- requiring that categorical programs be self-supporting
- setting a minimum level of reserves
- prioritizing reductions or enhancements

The policies can be traced through program budgets, where the educational impact becomes clear. For example, a decision to maintain current staff ratios when enrollment increases will require hiring additional teachers and perhaps aides. An expansion of summer school or an increase in the number of mandatory classes or graduation requirements may also require more staff. A shift to a year-round school calendar may require different assignment of personnel.

A desirable educational decision can have unexpected high costs. For instance, expanding the number of electives in a high school could mean lower average class sizes and therefore the need for more staff. It could even result in an extra period or two in the day, with the need for additional supervision of students who are not in class as well as money and time for more complicated scheduling.

The budget can be affected by responses to community priorities. Some examples are to provide a school crossing guard at every site for two hours daily, or to ensure that no child will have a bus ride longer than 45 minutes, or to heat a pool so the swim team can practice three times a week for nine months. A request for twice-weekly washing of each chalkboard, or for a bulletin board in each room at Open House, will have a financial impact.

The size of a district greatly affects the complexity of the budget and the clarity of its links to the educational program. Almost 500 districts in California have fewer than 1,000 students; their options for budget reductions or program expansion are limited and visible. By contrast, substantial shifts can be made in personnel, classes, and other activities in large districts without apparent impact on the General Fund budget.

Although the school board may change policies at any time, the impact on the budget may not be felt until the next budget cycle.

In the meantime, programs can sometimes be changed with little or no dollar consequence by reassigning existing staff to new responsibilities. This sort of creative management cannot easily be discerned from reading the budget.

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SCHOOL SITE BUDGETING

Some school districts add a step to the budget process by providing each school with discretionary funds. The amount can be small or substantial, and the ability of the school to decide how to spend it can be broad or be constrained by district regulations.

Although decisions must be made within the context of the district's guidelines and contractual obligations, site budgeting can give a school some flexibility to respond to local circumstances and community preferences.

Typical site expenditures could be for special curriculum materials, staff development, school assemblies or field trips, or additional equipment. A long-standing example of site budgeting is in schools with School Improvement Program (SIP) funds. They are required to maintain a school site council composed of teachers, parents, and, in high schools, students. The council plans its program, budgets the money, and evaluates progress toward the objectives of their plan.

When the district turns over a significant amount of money to its schools, the spending priorities are often set by a committee of teachers, and perhaps other staff, parents, and community, working with the principal. In those cases — assuming the district has also granted latitude in decision making authority — a school has the opportunity to decide that it needs an additional teacher or specialist, that it wants to focus on some aspect of the physical plant, or that an investment in technology is its priority. These decisions are complex, especially when they involve personnel; they require an understanding of state and federal regulations and of basic school finance. The process of making the important decisions means that those involved must be trained in decision making and planning as well as in technical subjects.

Districts that delegate some authority to school sites usually use a formula to ensure that schools are treated equitably. The parameters can include school size (enrollment and square footage), staff seniority, and special circumstances.

Most charter schools in California come close to true school site budgeting, since they are responsible for their entire budget even when they are still linked with the district office. Even those that retain the salary schedules and other employee benefits offered in the district have the flexibility to tailor expenditures to the needs of their particular students.

"Site budgeting" has had a checkered history as waves of reform washed over schools. Some of these were planning devices, while others were attempts to account for costs.

The limited success of these programs in California is due in part to districts' lack of control over their revenues, which are almost entirely determined at the state or federal level. Control over expenditures is also limited by built-in fixed costs, particularly contracts with employees. Suggestions for ways to maneuver within the system include giving sites authority over funds for utilities and for substitute teachers, allowing a site to "buy" services from the district or from alternative sources, giving personnel dollars in a lump sum, or permitting a school to acquire instruction (such as language) from community sources.

Finding ways to increase local authority — and buy in — is a trend currently gathering steam. The CDE's new standardized account code structure includes (but does not mandate) the option of collecting and reporting expenditures at the school level. Keeping such data will be helpful for site budgeting.

The superintendent and school board retain the responsibility of deciding how much discretion a school will have over its finances, staffing, and purchasing, both in terms of amount of money and of guidelines over its use.

MONITORING THE BUDGET

A SCHOOL BOARD RESPONSIBILITY

In addition to making sure that the district's budget reflects its educational priorities, the school board is responsible for monitoring ongoing financial reports in order to avoid unpleasant surprises. According to law, districts must review their anticipated revenues against projected expenses twice a year and certify that they will be able to meet their obligations. This requires updates on personnel and ADA as well as accurate year-to-date accounting, projections of future expenses, and careful planning for the probable flow of cash.

If districts cannot give a positive certification, the County Superintendent must intercede with a viable financial plan and may even take control of district decisions.

Very little possibility for change exists in the budget during the year, especially on the revenue side. Although unanticipated increases do occur, adverse events are more likely than the occasional windfall.

For example:

- Sometimes the legislative appropriations are insufficient to cover the cost of a program. Shortfalls, or deficits, have regularly occurred in Special Education, transportation, and recently in the allocations for districts' revenue limit (general purpose) income.
- A retroactive mid-year settlement of employee contracts can greatly increase a district's expenses.
- Failing to monitor the number of students in schools compared to budget estimates of average daily attendance (ADA) can result in significant losses of revenue. Counts of students are used to calculate income from revenue limit, lottery, School Improvement Program, etc.
- Cutting expenditures during the school year is quite difficult, because much of the budget is encumbered due to contractual obligations to employees. Staff can be expanded when needed but rarely can be reduced midyear.

Having an adequate reserve for economic uncertainties is important in such circumstances. Regulations control when unbudgeted expenditures can be made and how money can be transferred among accounts and/or into the General Fund. Regulations also govern what districts may do when they are temporarily short of cash (in the beginning of the year, for example). Some districts use "tax revenue anticipation notes" (TRANs) to solve temporary cash flow problems.

In the past ten years, seven districts, including several large ones, have discovered they were not able to meet their contractual and other obligations. They have required emergency financial support, which takes special action by the Legislature.

When a loan is necessary, the Superintendent of Public Instruction takes control of the district, appointing a trustee to make decisions and to establish a financial recovery plan and sound fiscal practices. The state Controller performs an audit and receives regular reports. In most cases when a loan is required, the governing board serves only in an advisory capacity until a recovery plan is under way.

Less drastic help is available through the state-funded team called FCMAT (Fiscal Crisis and Management Assistance Team). Based in the Kern County Office of Education, FCMAT offers on-site and on-line help for districts with financial problems or other needs. They maintain an electronic bulletin board service that includes libraries of CDE advisories, software for financial reports, and a place for questions-and-answers. Their site on the World Wide Web (http://www.kern.org/fcmat) is an increasingly rich resource for material and assistance. The CDE can be reached at http://goldmine.cde.ca.gov.

THE AVERAGE DISTRICT

Revenue limit income is the largest part of the General Fund in school districts. All districts also receive some specialized support from the state or federal government, usually to fund special programs. Districts with concentrations of low-income families or other special circumstances receive more of this aid, in some cases approaching half of their income.

Over 50 districts have revenue limit income entirely made up from their share of the local property tax; the state pays them only the $120 per pupil basic aid mandated in the California Constitution. In these "basic aid" districts, property tax income actually exceeds their revenue limit; under current law they may keep the excess. Despite legislative efforts to reduce disparities in revenue limits, a district may find that its neighboring districts have quite different amounts of money to spend.

The statewide average expenditures in elementary (kindergarten through grade 8), high school (grades 9 through 12), and unified districts (K-12) are shown in Figure 9. However, given the large geographical area, ethnic diversity, and differences in resources across the state, no district exactly matches the average.

A district's financial condition is greatly affected by its historical expenditure pattern, its enrollment projections, and its location. Districts in the Sierras or other mountainous areas need to commit substantial money to transporting their students, while those in hot valleys or deserts need air conditioning. Those districts with year-round schools may also need air conditioning. A number of districts are under court order to maintain desegregation programs. Many schools are overcrowded. Many districts are growing, while others may still have unused buildings or sites. Recognizing these special conditions is important in understanding each school district's budget.

Figure 9 Average Expenditures per ADA 1994-95

	Elementary Districts		High School Districts		Unified Districts	
Total Number of Students, Average Daily Attendance (ADA)	**1,086,878**		**431,165**		**3,616,269**	
Expenditures						
Certificated Salaries	$ 2,062.60	51.74%	$ 2,280.38	48.34%	$ 2,269.82	51.69%
Classified Salaries	621.79	15.60%	753.81	15.98%	709.63	16.16%
Benefits	669.21	16.79%	784.37	16.63%	721.43	16.43%
Subtotal, Personnel	3,353.60	84.13%	3,818.56	80.95%	3,700.88	84.28%
Books and Supplies	165.69	4.16%	188.06	3.99%	170.30	3.88%
Services, Other Operating Exp	329.77	8.27%	430.37	9.12%	371.13	8.45%
Capital Outlay	78.94	1.98%	102.36	2.17%	89.89	2.05%
Other Outgo, Transfers	58.19	1.46%	177.81	3.77%	58.69	1.34%
Total Expenditures per ADA	$ 3,986.19	100.00%	$ 4,717.15	100.00%	$ 4,390.89	100.00%
Ending Balance per ADA	$ 472.15	11.84%	$ 386.67	8.20%	$ 405.84	9.24%

Source: School Services of California, Inc. **EdSource 9/96**

ANALYZING A BUDGET

Many different constituencies in a school district are interested in analyzing the budget in order to know how the resources are allocated or where changes might be made. The effort to understand a district's budget can begin with an examination of the General Fund over several years and a comparison to other districts of similar size and socioeconomic conditions. As of fall 1996, data (and guidance about finding comparable districts) is available on the World Wide Web at http://www.ed-data.k12.ca.us.

A lot of information is readily available on the standard forms that all districts use. The following list suggests points to note in making comparisons.

Enrollments

- by grade and by school over time

Revenues

- sources
- whether any sources are unusually large or small (categoricals, grants, contributions) or one-time income
- revenue limit as percent of income

Expenditures

- percent in salaries, benefits
- percent in administration
- amount in contracted services
- projected liability for retiree benefits
- unusual maintenance needs

Reserves

- designated, undesignated
- transfers to and from the General Fund
- whether the district is spending more than it is receiving, using savings to balance the budget
- the amount of encroachment by both mandated and optional services
- adequacy of self-insurance funds

Trends

- estimating errors over time on ADA, income, overall costs, personnel
- detecting chronic over-budgeting on some expenditures, under-budgeting on revenues (or vice versa)
- determining the fastest growing expenditure area over time.

Questions to Ask

The budget forms and accompanying narrative do not, however, include all the information which is useful in analyzing the budget. Sample questions to ask the board, superintendent, or business manager are:

Personnel

- Has the district settled collective bargaining?
- What are the ages of the certificated/classified staff?
- What are average salaries for teachers, pupil support services, classified employees, administrators?
- What is the enrollment per full-time employee in each of those areas?
- Does a large district have a detailed statement about the number of employee positions?

Income

- Does the district have income from grants or contributions? How much and how is it used?
- Does a small district have, or is it investigating, joint ventures or shared services?
- Has a private foundation been formed to receive contributions? What is its relationship with the governing board?
- How are assets managed?
- Have voters approved parcel taxes or the sale of bonds?

Expenditures

- How has variable revenue (from the lottery, for example) been spent?
- Where are increases budgeted?
- How much of new expenditures are due to negotiated increases, salary schedule moves, mandated benefits? To salary increases to administrators?
- Which expenditures are discretionary (to maintain class size, expand courses or services)?
- Have apparent decreases become increases in other categories?
- Are expenditures on categorical services exceeding revenues? If so, why?
- Which programs have grown faster than revenues?

Other

- Do the budgets for separate funds include indirect costs?
- What is the building program or need for space or renovation?
- What is the district's program for upgrading (or acquiring) technology?
- What accounts for striking differences from other districts?
- Are expenditure differences related to program delivery? If not, then what?

The answers to these questions provide a solid background for understanding the philosophy and the reality behind the district's budget.

REGIONAL RELATIONSHIPS CAN HAVE FINANCIAL IMPACTS

It takes an experienced budget reader to uncover the relationships that districts have with each other and with their County Office of Education. Many regional programs for students are operated by the county, notably Special Education cooperatives, Regional Occupation Centers, and juvenile court schools.

County offices provide a variety of services directly to districts of small size, at minimal or no cost. Often they act as the fiscal agent for very small districts whose business offices consist of a bookkeeper.

Sometimes smaller districts share operations, such as joint ventures for purchasing, business services, or insurance pools. Even when these activities or relationships with the county are not budget items, they affect efficiency by reducing costs or improving services in school districts.

Although no longer able to set the local property tax rate, school boards have other ways of interacting with their local communities that can affect the financial health of their districts. They also can have helpful relationships with redevelopment agencies, city councils, other levels of government, and the private sector.

LONG RANGE PLANNING

Forecasting, the step that ties past budget decisions to the future, is essential to building and managing school district budgets. The state now requires school districts to look ahead as part of the financial accountability system.

Important assumptions underlie the budget numbers. These assumptions must be determined before projections can be made with any degree of certainty.

The initial part of long range budgeting is the collection of data to help project expected enrollment. Some of the necessary pieces are:

- birth statistics
- past trends in the relationship between local births and kindergarten enrollment or between elementary and high school enrollments
- migration trends and transiency
- housing data, new residential and commercial developments
- the local history of public vs. private school enrollments
- the district's pattern of mobility or dropout grade by grade

Other assumptions which must be decided include:

- class size (contractual or optimal for planning)
- other staffing and staffing ratios
- administrative structure
- need for facilities
- capital outlay or major maintenance needs
- special projects or programs (for example: desegregation or bilingual education)
- mandated curriculum changes or new textbooks
- economic conditions (probable COLAs, inflation)
- optimal level of reserves

Some of these are best guesses. Projecting revenues is particularly uncertain. Most of the increase comes from the COLA (if any) which is not known until the state's budget is passed each summer. Other assumptions are strictly local policy decisions. Known fixed costs, such as in existing multiyear contracts with employees, must also be built in.

When the numbers have been gathered and the assumptions made, the projections are prepared. A computer can be programmed to answer questions, such as what is the effect over several years of a 6% salary increase and a 3% COLA, a 3% salary increase, and/or escalating costs of insurance benefits? How many new students are needed before a teacher can be hired? What is the cost of reducing class size? How much can be saved by reducing the PE requirement? What is the cost of revamping the math program?

Looking at the outcome of the alternative scenarios developed from the assumptions and the different effects of the "what-if" questions, the board and superintendent can discuss options and set priorities. Figure 10 gives an example of the ingredients which make up a district's planning document.

If planning has always been valuable, it is critical to today's school districts. It requires thinking ahead, coordinating, and establishing standards for future performance, in addition to providing an early warning of fiscal insolvency and a guideline for negotiations. Ideally the components of the budget and the assumptions behind the projections are closely linked to the district's strategic vision with priorities for both growth and, if necessary, contraction.

Figure 10 A Sample Financial Projection

	Est. Actual 1994-95	Budget 1995-96	Projected 1996-97	Projected 1997-98	Projected 1998-99	Projected 1999-2000
Assumptions						
Enrollment	900	931	963	957	976	980
Student/Faculty Ratio	18.33	18.90	19.16	19.04	19.04	19.12
Staffing (FTE)-Certificated	49.09	49.25	50.25	50.25	51.25	51.25
Administration	3.00	3.00	3.00	3.00	3.00	3.00
Office Staff	8.55	8.55	8.55	8.55	8.55	8.55
Maintenance & Operations	8.00	8.00	8.00	8.00	8.00	8.00
Revenue Limit per Student (ADA)	$ 3,982	$ 4,063	$ 4,144	$ 4,227	$ 4,314	$ 4,400
Growth Revenue Limit	$ 3,102	$ 3,189	$ 3,252	$ 3,318	$ 3,384	$ 3,452
Increase in Revenue Limit	0.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest on Revenues	5%	5%	5%	5%	5%	5%
Lottery Income per Student (ADA)	$ 116	$ 105	$ 105	$ 105	$ 105	$ 105
Rental Income Increase		2%	3%	3%	3%	3%
Salary Increase						
Certificated	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Others	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Projections						
REVENUES						
Revenue Limit	$ 3,653,639	$ 3,817,392	$ 3,988,500	$ 4,162,800	$ 4,348,100	$ 4,539,600
State Categorical	94,355	102,248	102,200	102,200	102,200	102,200
Other State/Fed/Local	462,849	480,378	435,100	435,100	435,100	435,100
Rental Income	282,195	429,410	451,600	466,600	481,400	496,400
Foundation Grants	150,000	200,000	200,000	200,000	200,000	200,000
Lottery Income	105,075	102,120	99,800	101,100	100,500	101,500
Interest Income	25,035	30,000	30,000	30,000	30,000	30,000
Parcel Tax			392,000	392,000	392,000	392,000
TOTAL INCOME	$ 4,773,148	$ 5,161,548	$ 5,699,200	$ 5,889,800	$ 6,089,300	$ 6,296,800
% Change from Prior Year	2.13%	8.14%	10.42%	3.34%	3.39%	3.41%
EXPENDITURES (General Fund)						
Certificated Salaries (1000)	$ 2,688,093	$ 2,717,321	$ 2,782,400	$ 2,842,900	$ 2,941,900	$ 3,003,900
Classified Salaries (2000)	719,265	736,893	743,500	751,700	755,500	758,000
Salary Increase 2%		76,000	77,600	79,000	81,200	82,600
Fringe Expense as % of Salary	20.66%	21.53%	21.55%	21.38%	21.20%	21.05%
Benefits (3000)	703,903	743,611	759,800	768,400	784,000	792,000
Instructional Supplies (4000)	194,025	217,856	221,900	225,900	230,500	235,600
All Other (5000)	719,865	660,620	683,000	692,000	709,000	718,000
Capital Outlay (6000)	77,435	38,602	128,500	129,000	129,500	130,200
TOTAL EXPENDITURES	$ 5,102,586	$ 5,190,903	$ 5,396,700	$ 5,488,900	$ 5,631,600	$ 5,720,300
% Change from Prior Year	9.02%	1.73%	3.96%	1.71%	2.60%	1.58%
Change in General Fund Reserves	$ 329,438	$ 29,355	$ 302,500	$ 400,900	$ 457,700	$ 576,500
Beginning Balance General Fund	347,244	17,806	11,549	290,951	691,851	1,149,551
General Fund Reserve	17,806	11,549	290,951	691,851	1,149,551	1,726,051
Special Reserve plus Interest	450,506	490,506	520,506	550,506	585,506	625,506
TOTAL ENDING BALANCE	$ 468,312	$ 478,957	$ 811,457	$ 1,242,357	$ 1,735,057	$ 2,351,557
Reserve as % of Revenue	9.81%	9.28%	14.24%	21.09%	28.49%	37.35%

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